

**Introduced by Senator Scott**

February 22, 2006

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An act to amend Section 17462 of, and to add Section 17462.5 to, the Education Code, relating to school property.

**LEGISLATIVE COUNSEL'S DIGEST**

SB 1415, as introduced, Scott. Surplus school property: use of proceeds.

Existing law allows the governing board of any school district to sell any real property belonging to the district or to lease for a term not exceeding 99 years, any real property, together with any personal property located thereon, belonging to the district, subject to specified requirements and limitations. Existing law requires a school district to use the funds derived from the sale of surplus property for capital outlay or for costs of maintenance of school district property that the governing board of the school district determines will not recur within a 5-year period. Existing law allows a school district to deposit the proceeds from the sale or lease with an option to purchase of school district property in the general fund of the district for any general fund purpose if the school district governing board and the State Allocation Board have determined that the district has no anticipated need for additional sites or building construction for the five-year period following the sale or lease, and the district has no major deferred maintenance requirements.

This bill would delete the authority of a school district to use those proceeds for any general fund purpose. The bill would increase from five to ten years the time period following the sale or lease for which the school district governing board and the State Allocation Board are required to determine that the district has no anticipated need for additional sites or building construction. The bill would require that

the proceeds from the sale or lease of school district property be used in a manner that provides for the long-term financial security of the district. The bill would prohibit a school district from using those proceeds for ongoing expenditures including, but not limited to, salaries and other operational expenses. The bill would also delete obsolete provisions.

This bill would require the State Allocation Board to adopt regulations that define which maintenance costs are ongoing or recurring for purposes of the provisions governing the sale or lease of school district property.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 17462 of the Education Code is  
2     amended to read:  
3     17462. The funds derived from the sale of surplus property  
4     shall be used for capital outlay or for costs of maintenance of  
5     school district property that the governing board of the school  
6     district determines will not recur within a five-year period.  
7     Proceeds from a lease of school district property with an option  
8     to purchase may be deposited into a restricted fund for the  
9     routine repair of district facilities, as defined by the State  
10    Allocation Board, for up to a five-year period. In addition, the  
11    proceeds may be deposited in the general fund of the district ~~for~~  
12    ~~any general fund purpose~~ if the school district governing board  
13    and the State Allocation Board have determined that the district  
14    has no anticipated need for additional sites or building  
15    construction for the ~~five-year~~ *ten-year* period following the sale  
16    or lease, and the district has no major deferred maintenance  
17    requirements. ~~A school district that sold or leased real property~~  
18    ~~pursuant to Section 17455 and that deposited the interest earned~~  
19    ~~on those proceeds in the general fund of the school district in the~~  
20    ~~1986-87 or the 1987-88 fiscal years, may continue to deposit the~~  
21    ~~interest into the general fund for operating expenses through June~~  
22    ~~30, 1991. In the 1991-92 fiscal year, and each fiscal year~~  
23    ~~thereafter for five fiscal years, the school district shall reduce the~~  
24    ~~deposit of interest by 20 percent and shall use the reduction in~~  
25    ~~interest for capital outlay or for costs of deferred maintenance of~~

1 ~~school district property. The State Allocation Board may grant a~~  
2 ~~school district permission to change the five-year and 20 percent~~  
3 ~~requirement to 10 years and 10 percent, if the State Allocation~~  
4 ~~Board determines that the individual circumstances of the district~~  
5 ~~warrants the change. Proceeds from the sale or lease of school~~  
6 ~~district property shall be used in a manner that provides for the~~  
7 ~~long-term financial security of the district, and may not be used~~  
8 ~~for ongoing expenditures including, but not limited to, salaries~~  
9 ~~and other general operating expenses.~~

10 The proceeds may also be deposited into a special reserve fund  
11 for capital outlay, for costs of maintenance of school district  
12 property that the governing board determines will not recur  
13 within a five-year period, or for the future maintenance and  
14 renovation of schoolsites if the district governing board and the  
15 State Allocation Board have determined that the district has no  
16 anticipated need for schoolsites or building construction or major  
17 deferred maintenance projects for a ~~five-year~~ *ten-year* period  
18 following the sale or lease. Proceeds deposited in the special  
19 reserve fund shall not be available for general operating expenses  
20 as provided in Section 42842.

21 SEC. 2. Section 17462.5 is added to the Education Code, to  
22 read:

23 17462.5. The State Allocation Board shall adopt regulations  
24 that define which maintenance costs are ongoing or recurring for  
25 purposes of this article.